



99283219

04/0133 04 001 Page 1 of 20

99283219

999-03-24 10:35:59

Recorder

115.00

ABROGATION AND RELEASE OF RESTRICTIONS

THIS AGREEMENT is made this *10* day of *March*, 1999,

between the UNITED STATES OF AMERICA, acting by and through the Secretary of Education, acting by David B. Hakola, Director, Real Property Group, Office of Management, United States Department of Education ("GRANTOR") pursuant to Section 203(k) of the Federal Property and Administrative Services Act of 1949, as amended ("Act"), P.L. No. 81-152, 63 Stat. 377, 40 U.S.C. §484(k), Reorganization Plan No. 1 of 1953, the Department of Education Organization Act of 1979, P.L. No. 96-88, 93 Stat. 668, 20 U.S.C. §3401 et seq., and the City of Chicago, in Trust for the Use of Schools, which is a Municipal Corporation of the state of Illinois, for the Board of Education of the City of Chicago, a body politic and corporate of the State of Illinois, having a principal place of business at 125 S. Clark Street, Chicago, Illinois ("GRANTEE").

7727653-D2-TMS (ALL)

20  
N.S.F

I. RECITALS

1. On September 4, 1981, the UNITED STATES OF AMERICA, acting by and through the Secretary of Education, acting by Robert Prager, Acting Director, Federal Real Property Assistance Program, Region V, Department of Education, conveyed certain surplus Federal real property in Cook County, Illinois, formerly known as the Chicago Administration Center and consisting of approximately 10.6 acres of land, more or less, with improvements and an easement of 0.98 of an acre ("Property") to GRANTEE, by Quitclaim Deed ("Deed") dated September 4, 1981, and recorded in the Cook County Recorders' Office on September 22, 1981 as

**BOX 333-CTI**

*T.R.*

Document No. 26006631. The Property is more particularly described in Exhibit A attached hereto.

2. The Deed provided that the conveyance was subject to certain covenants, conditions subsequent, and restrictions. Among those conditions are conditions subsequent numbered 1, 2, 3, and 4 on pages 4 and 5 of the Deed. The Deed provided on page 8 that these conditions subsequent could be abrogated if the GRANTOR consented and upon payment of an abrogation sum.

3. By letter dated October 7, 1998, GRANTEE requested release from conditions subsequent 1, 2, 3, and 4 as they apply to the Property in order to relocate its educational program to newer and more cost efficient facilities, and seeks to clear title to the Property in order to convey it to the City of Chicago at nominal cost for redevelopment.

4. GRANTOR and GRANTEE have agreed that \$797,329 is the abrogation sum payment required for securing the release of conditions subsequent 1, 2, 3, and 4 as they apply to the Property.

It is mutually desired to substitute the Federal government's right of reverter in the Deed with an Escrow Agreement, a copy of which is attached here as Exhibit B between the GRANTOR, GRANTEE and the Chicago Title and Trust Co. providing for a cash deposit in the amount of \$797,329, representing the current unamortized public benefit allowance. The balance of the principal will reduce at the rate of 1/13th per year until September 4, 2011, so long as the GRANTEE complies with the terms of the Escrow Agreement.

5. Notice of the proposed abrogation has been given to the Administrator of the General Services Administration and by letter dated October 19, 1998, he interposed no objection thereto.

## II. AGREEMENT

IN CONSIDERATION OF the Escrow Agreement, the deposit by the GRANTEE of the \$797,329 abrogation sum into an escrow account, the mutual agreements contained herein and other good and valuable consideration, the GRANTOR and GRANTEE agree to the following:

6. GRANTOR, by execution of this Agreement, releases GRANTEE, its successors and assigns, from the conditions subsequent numbered 1, 2, 3, and 4 as set forth in the Deed.

7. As a material inducement to enter into this Agreement, GRANTOR and GRANTEE have relied upon an appraisal which estimates the fair market value of the Property to be \$1.84 million. GRANTOR and GRANTEE understand and agree that an appraisal provides only an estimate of the value of the Property; and that a better estimate of value is that amount which the Property will bring in an open, competitive and free market. GRANTOR and GRANTEE therefore agree, that if a deed, contract, lease or other agreement is executed within three (3) years from the date of this Abrogation and Release of Restrictions which sells, transfers, conveys, leases or otherwise disposes of the Property or any rights therein for a sum or sums in excess of \$1.84 million, as determined by the United States Department of Education, or which commits the GRANTEE to sell, transfer,

convey, lease or otherwise dispose of the Property or any rights therein, then GRANTEE shall remit to GRANTOR 43.34% of any amount received or promised in excess of \$1.84 million. GRANTEE shall remit any sums as may be required above within 24 hours of receipt of such monies together with pertinent copies of the deeds, contracts, leases or other agreements which establish the actual or promised consideration. GRANTEE agrees that all sums received in excess of \$1.84 million as provided above shall be held in trust for the UNITED STATES OF AMERICA subject to the direction and control of the GRANTOR.

8. GRANTEE agrees to utilize the Identified Property described in the Escrow Agreement for educational purposes, as approved by the GRANTOR. Furthermore, GRANTEE has agreed to deposit the \$797,329 abrogation sum into an escrow account subject to the GRANTOR's direction and control. GRANTOR will release to the GRANTEE 1/13 of these monies on an annual basis so long as the GRANTEE complies with the terms of the Escrow Agreement.

9. GRANTOR and GRANTEE hereto mutually agree that, except as provided in this Agreement, all the provisions of the Deed shall remain in full force and effect with respect to the Property.


To indicate their agreement to the provisions contained in this Agreement, GRANTOR and GRANTEE have executed this document as of the date and year first above written.

99283219

UNITED STATES OF AMERICA

Acting by and through the  
Secretary of Education

GRANTOR:

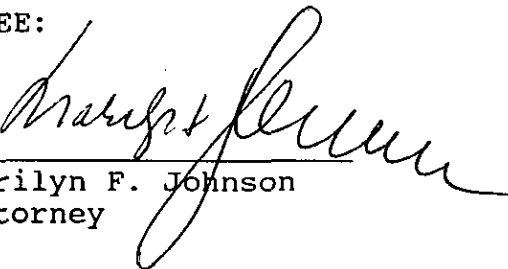
By:   
David B. Hakola, Director  
Real Property Group  
Office of Management

ACCEPTANCE

By the acceptance of this ABROGATION AND RELEASE OF  
RESTRICTIONS, the GRANTEE, for itself, its successors and  
assigns, and each of them, accepts and agrees to all the  
obligations, conditions, and covenants therein contained.

Board of Education of  
the City of Chicago

GRANTEE:

By:   
Marilyn F. Johnson  
Attorney

After recording, return to:

LORI J. WOODMAN  
Law Department  
Board of Education of the City of Chicago  
125 S. Clark St., 7<sup>th</sup> floor  
Chicago, IL 60603

ACKNOWLEDGMENTS

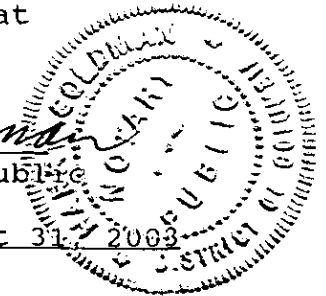
WASHINGTON )  
DISTRICT OF COLUMBIA)

On this 18 th day of March, 1999, personally appeared before me, a Notary Public in and for the District of Columbia, David B. Hakola, Director, Real Property Group, Office of Management, United States Department of Education, acting for the United States of America and the Secretary of Education, known to me to be the same person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same on the date hereof as his free and voluntary act and deed for the purposes and consideration therein expressed and with full authority and as the act and deed of the United States of America and the Secretary of Education.

IN WITNESS WHEREOF, I have set my hand and seal at Washington, D.C., this 18 th day of \_\_\_\_\_, 1999.

Harry Goldman  
Harry Goldman, Notary Public

My Commission Expires: August 31, 2003



STATE OF ILLINOIS)  
COUNTY OF COOK )

On this 18th day of March, 1999, personally appeared before me, a Notary Public in and for the State of Illinois, Marilyn F. Johnson, Attorney for the Board of Education me known to be the same person whose name is subscribed to the foregoing instrument and acknowledged to me that he/she executed the same on the date hereof as his/her free and voluntary act and deed for the purposes and consideration therein expressed and with full authority and as the act and deed of the Board of Education of the City of Chicago, Illinois.

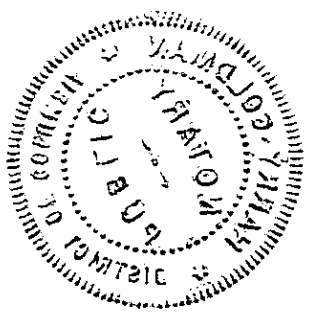
18th IN WITNESS WHEREOF, I have set my hand and seal on this day of March, 1999.

Lori J Woodman  
Notary Public

My Commission Expires: \_\_\_\_\_



1942



1942

RECEIVED  
DEPARTMENT OF AGRICULTURE  
WASHINGTON, D. C.  
MAY 10 1942

Exhibit A

99283219

All that part of the north half of the northeast quarter of section six (6), Township thirty-eight (38) North, Range fourteen (14) east of the Third Principal Meridian, bounded and described as follows: Commencing at a point two thousand eight and four one-hundredths (2008.04) feet west of the east line and thirty-three (33) feet south of the north line of said north east quarter of said section six (6); running thence south at right angles to said last described line, a distance of five hundred (500) feet; thence east on a line parallel to and five hundred thirty-three (533) feet south of the north line of said northeast quarter of section six (6), a distance of six hundred (600) feet; thence north at right angles to last described line, a distance of five hundred (500) feet to a point thirty-three (33) feet south of the north line of said northeast quarter of section six (6); thence west along a line parallel to and thirty-three (33) feet south of the north line of said northeast quarter of section six (6) being the south line of West 39th Street a distance of six hundred (500) feet to the place of beginning, containing three hundred thousand (300,000) square feet more or less.

The Grantor further gives and grants to the Grantee, its successors, grantees and assigns (being the owners from time to time of the premises hereby conveyed) a perpetual easement in a strip of land fifty (50) feet in width adjoining on the west said premises hereinabove conveyed and extending from the north line extended to the south line extended of said premises and also in a similar strip of land fifty (50) feet in width adjoining on the east said premises hereinabove conveyed, and extending from the north line extended to the south line extended of said premises, for the use (in common with the Grantor's grantors, their successors, grantees other than Grantor and assigns, being the owners and occupants from time to time of the premises abutting on said two strips respectively and lying south of 39th Street) of the surface only of said two strips of land for the purposes of a private driveway, it being understood that the Grantee will at all times at its own expense keep and maintain in good condition for transportation purposes the half of each of said two fifty (50) foot strips immediately adjoining said property hereinabove conveyed.

All that part of the north half of the northeast quarter of section six (6), Township thirty-eight (38) North, Range fourteen (14), east of the Third Principal Meridian, bounded and described as follows: Commencing at a point two thousand eight and four one-hundredths (2008.04) feet west of the east line and thirty-three (33) feet south of the north line of said northeast quarter of said section six (6); running thence south at right angles to said last described line, a distance of five hundred (500) feet; thence west on a line parallel to and five hundred thirty-three (533) feet south of the north line of said northeast quarter of section six (6) a distance of five (5) feet; thence north at right angles to last described line, a distance of five hundred (500) feet to a point thirty-three (33) feet south of the north line of said northeast quarter of section six (6); thence east along a line parallel to and thirty-three (33) feet south of the north line of said northeast quarter of section six (6) being the south line of West 39th Street a distance of five (5) feet to the place of beginning.



99283219

All that part of the north half of the northeast quarter of section six (6), Township thirty-eight (38) North, Range fourteen (14) east of the Third Principal Meridian, bounded and described as follows: Commencing at a point one thousand four hundred eight and four one-hundredths (1,408.04) feet west of the east line and thirty-three (33) feet south of the north line of said northeast quarter of said Section six (6); running thence south at right angles to last described line a distance of five hundred (500) feet; thence east on a line parallel to and five hundred thirty-three (533) feet south of the north line of said northeast quarter of said Section six (6) a distance of three hundred eighteen (318) feet; thence north at right angles to last described line a distance of five hundred (500) feet to a point thirty-three (33) feet south of the North line of said northeast quarter of said Section six (6); thence west along a line parallel to and thirty-three (33) feet south of the north line of said northeast quarter of said section six (6) (being the south line of West 39th Street) a distance of three hundred eighteen (318) feet to the place of beginning, containing one hundred fifty-nine thousand (159,000) square feet, more or less.

The Grantor further gives and grants to the Grantee its successors, grantees and assigns (being the owners from time to time of the premises hereby conveyed) a perpetual easement in a strip of land forty (40) feet in width adjoining on the east said premises hereinabove conveyed and extending from the north line extended to the south line extended of said premises for the use (in common with the Grantor's grantors, their successors, grantees other than Grantor and assigns, being the owners and occupants from time to time of the premises abutting on said strip of land) for the purposes of a private driveway, it being understood that the Grantee will at all times at its own expense keep and maintain in good condition for transportation purposes the half of said forty (40) foot strip immediately adjoining said property hereinabove conveyed.

This property is subject to any and all existing easements, permits, licenses, etc., recorded or unrecorded, for public roads and highways, railroads, pipelines, drainage sewer mains and lines, line of sight, and public utilities, if any, and further, subject to any facts an accurate survey may disclose.

PIN: 20-06-200-005

ESCROW AGREEMENT

This ESCROW AGREEMENT is made and executed this 18<sup>th</sup> day of March, 1999, on behalf of the UNITED STATES OF AMERICA, by the Secretary of Education, acting by the Director of the Real Property Group, Office of Management, United States Department of Education, under the authority of the Federal Property and Administrative Services Act of 1949, P.L. No. 81-152, 63 Stat. 377, as amended, the Board of Education of the City of Chicago, and the Chicago Title & Trust Co., the Escrow Agent.

Definitions

1.1 As used in this Escrow Agreement, the words and phrases defined in paragraphs 1.2 through 1.12 below shall have the respective meanings there assigned, unless otherwise specifically stated.

1.2 "Escrow Agent" means the Chicago Title and Trust Co., 171 North Clark Street, Chicago, Illinois, 60601.

1.3 "Escrow Account" means the account established under paragraph 3.4.

1.4 "Government" means the United States of America, acting through the Secretary of Education.

1.5 "Property" means the real property located at 1819 West Pershing Road, Chicago, Cook County, Illinois which was conveyed by and particularly described in the Deed.

1.6 "Deed" means the Quitclaim Deed between the Government, as grantor, and the Board, as grantee, dated September 4, 1981, and recorded in the Cook County Recorders' Office on September 22, 1981 as Document No. 26006631 in Book 316, at new page 255, a

copy of which is attached hereto as "Exhibit "A".

1.7 "Secretary" means the Secretary of Education or his successor in function.

1.8 "Board" means the Board of Education of the City of Chicago, Illinois.

1.9 "Identified Property" means property located at 1326 W. 14th Place, Chicago, Illinois, 60608, also known as "the Medill Intermediate" property, which will serve as the location for the transfer of educational programs at the Property.

1.10 "Abrogation" means that Abrogation and Release of Restrictions instrument dated *MAR 16*, 1999 between the Board and the Government wherein the Government released certain conditions and restrictions affecting the Property.

1.11 "Abrogation Sum" means \$797,329 that represents the monies due the Government pursuant to the abrogation formula in the Deed.

1.12 "Authorized investments" means bank deposits which are fully insured by an agency of the Federal Government, provided that such investment or deposit is not prohibited by the state or Federal banking laws or regulations applicable to the Escrow Agent.

#### Recitals

2.1 By the Deed the Government conveyed the Property to the Board on September 4, 1981.

2.2 By Abrogation and Release of Restrictions dated , 1999 ("Abrogation"), a copy of which is attached hereto as

Exhibit "B", the Secretary has abrogated the conditions subsequent set forth in the Deed and has removed the right of reverter contained therein in accordance with the Federal Property and Administrative Services Act of 1949, as amended, and the regulations promulgated thereunder.

2.3 A material part of the consideration for the abrogation was the agreement of the Board to enter into this Escrow Agreement. Both the Government and the Board understand that the Board will have fee simple title to the Property for purposes of selling the Property, for a nominal sum, to the City of Chicago, Illinois.

2.4 All parties to this Escrow Agreement want the Board to sell the Property for a nominal sum to the City of Chicago; and to relocate the educational activities conducted at the Property to the Identified Property.

#### Terms and Conditions

3.1 In consideration of the premises, of the observance and performance of the terms and conditions hereinafter set forth, and of other good and valuable considerations, the Government and the Board hereby mutually assent and irrevocable agree to the provisions of paragraphs 3.2 through 3.14 below.

3.2 On or before June 1, 1999, the Board shall sell the Property to the City of Chicago for a nominal sum and transfer its educational program from the Property to the Identified Property subject to the following conditions:

- (a) That until September 4, 2011, the Identified

Property described in paragraph 1.9 above will be used fully and continuously for educational purposes in accordance with the approved program and plan of the Board as set forth in its application for acquisition of the Property dated April 19, 1979, and for no other purpose, as evidenced by the execution and recordation of this Agreement. The Board hereby grants to the United States Department of Education, or its successor in function, the right to enter and inspect the Identified Property during the said period.

- (b) That until September 4, 2011, the Board will not sell, resell, rent, lease, mortgage, encumber, or otherwise dispose of or transfer any part of the Identified Property or interest therein except as the United States Department of Education, or its successor in function, may authorize in advance in writing; provided that the United States Department of Education acknowledges that the Identified Property was conveyed to the Public Building Commission, and leased back to the Board pursuant to a 1989 bond issuance, and that said lease is consistent with the Escrow Agreement.
- (c) On the 4th day of September each year until September 4, 2011, unless the United States Department of Education, or its successor in

function, directs otherwise, the Board will file with United States Department of Education, or its successor in function, reports on the operation, maintenance and status of the Identified Property and will furnish, as requested by United States Department of Education, or its successor in function, such other pertinent information evidencing its continuous use of the Identified Property as required by Covenant Number 3.2(a) above.

- (d) That until September 4, 2011, the Board will at all times be and remain a tax supported institution or a nonprofit institution, organization, or association exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1954, as amended.
- (e) For the period during which the Identified Property is used for the purpose for which Federal assistance is hereby extended by the United States Department of Education, or its successor in function, or for another purpose involving the provision of similar services or benefits, the Board hereby agrees that it will comply with the requirements of (a) Title VI of the Civil Rights Act of 1964 (P.L. No. 88-352, 42 U.S.C. Section 2000(d)(1) et seq.); (b) Title IX of the Education

Amendments of 1972 (P.L. No. 92-318, 20 U.S.C. Section 1681 et seq.); (c) Section 504 of the Rehabilitation Act of 1973 (P.L. No. 93-112, 29 U.S.C. Section 794 et seq.); and all requirements imposed by or pursuant to the Regulations (34 C.F.R. Parts 12, 100, 104 and 106) issued pursuant to the Act and now in effect, to the end that, in accordance with said Act and Regulations, no person in the United States shall, on the ground of race, color, national origin, sex, or handicap, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under the program and plan referred to in Covenant Number 3.2(a) above or under any other program or activity of the Board, its successors and assigns, to which such Acts and Regulations apply by reason of this conveyance.

- (f) In the event of a breach of any of the covenants set forth in paragraphs number 3.2(a), 3.2(b), 3.2(c), 3.2(d) and 3.2(e) above, whether caused by the legal or other inability of the Board, its successors or assigns, to perform any of the obligations herein set forth, at the option of the UNITED STATES OF AMERICA, all right, title, and interest of the Board in and to the escrow deposit described herein shall vest in the Government and

the Government, upon written demand, shall have a right to the immediate delivery thereof, and the Board hereby instructs the Escrow Agent to surrender the deposit to the Government in such event; PROVIDED HOWEVER, that the failure of United States Department of Education, or its successor in function, to insist in any one or more instances upon complete performance of any of the said covenants shall not be construed as a waiver of, or a relinquishment of the future performance of any such covenants, but the obligations of the Board, its successors or assigns, with respect to such future performance shall continue in full force and effect; PROVIDED FURTHER that in the event the UNITED STATES OF AMERICA fails to exercise its options to the escrow deposit for any such breach of covenants numbered 3.2(a), 3.2(b), 3.2(c), 3.2(d) and 3.2(e) hereof prior to September 4, 2011, said covenants set forth above together with all rights of the UNITED STATES OF AMERICA to enter as in this paragraph provided, shall, as of that date, terminate and be extinguished.

- (g) The Board further covenants and agrees for itself, its successors and assigns that in the event the Identified Property or any part thereof or



interest therein is sold, leased or subleased, mortgaged, encumbered, disposed of, or is used for purposes other than those set forth in the approved program and plan described in paragraph 3.2(a) above without the advance written consent of the United States Department of Education, all revenues or the reasonable value of other benefits received by the Board directly or indirectly, from such sale, lease or sublease, mortgage, encumbrance, disposal, or other unauthorized use, as determined by the United States Department of Education, shall be considered to have been received and held in trust by the Board for the UNITED STATES OF AMERICA and shall be subject to the direction and control of the United States Department of Education.

3.3 If the Board fails to sell the Property for a nominal sum to the City of Chicago by September 1, 1999, at the option of the UNITED STATES OF AMERICA, all right, title, and interest of the Board in and to the escrow deposit described herein shall vest in the Government and the Government, upon written demand, shall have a right to the immediate delivery thereof, and the Board hereby instructs the Escrow Agent to surrender the deposit to the Government in such event.

3.4 The Board agrees to deposit the Abrogation Sum into an escrow account with the Escrow Agent within 24 hours after receipt of the Escrow Agreement signed by the Government.

3.5 If the Board, in connection with the sale of the Property to the City of Chicago, receives a sum in excess of \$1.84 million, the Board shall remit 43.34% of that sum to the Department at the following address: Director, Eastern Operations, Federal Real Property Assistance Program, U.S. Department of Education, J.W. McCormack Post Office and courthouse, Room 536, Boston, Massachusetts, 02109.

3.6 The Government will notify the Escrow Agent to release the appropriate escrowed funds to the Board upon a finding by the Government that the educational utilization of the Identified Property is in accordance with paragraph 3.2(a) above. The parties intend that the amount of the escrow deposit shall be reduced and paid to the Board, pursuant to the direction of the Government, by 1/13 of the principal on an annual basis. Any and all interest earned on the moneys held by the Escrow Agent shall be added to the amount held in escrow and disbursed with the final principal payment to the Board, or to the Government in the event of default pursuant to paragraph 3.2(f) or 3.3.

3.7 No payment of funds shall be made by the Escrow Agent unless it is in receipt of the written notification to release funds by the Government.

3.8 All funds in the Escrow Account shall be invested in an Authorized Investment as defined in paragraph 1.12.

3.9 Should the escrow account be delivered by the Escrow Agent to the Government, all obligations of the Board hereunder shall terminate.

3.10 A determination made by the Government as provided for in paragraph 3.2(f) shall be conclusive upon the parties hereto, any rule of law or equity to the contrary notwithstanding, and the Board hereby expressly waives any right it may have, or in the future may acquire, to challenge in any manner or to question such determination.

3.11 Upon exhaustion of the funds held in escrow in accordance with paragraph 3.6, above, the Escrow Agent shall be discharged from all of its obligations under this Escrow Agreement. The parties agree to cooperate fully with the Escrow Agent, and to act reasonably in order to carry out the provisions of the this Escrow Agreement.

3.12 The Board shall pay all fees or charges arising from this Escrow Agreement, and the Government assumes no obligation or liability therefor.

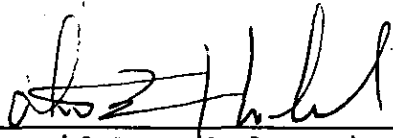
3.13 In the event that the Escrow Agent herein named shall resign or become unable, in the opinion of the Government and the Board, to perform its required duties, then the Board, within 30 days of such resignation or determination of inability, shall appoint a new Escrow Agent to perform such duties and the moneys being held in escrow shall be delivered to said new agent to be held in escrow as herein provided. Any new escrow agent must be comparable to the agent named in this escrow.

3.14 The Escrow Agent is not to be held responsible for any loss of principal or interest which may be incurred as a result of making the investments or redeeming said investment for the purposes of this Escrow Agreement. As provided for in paragraph 3.12 of the Escrow Agreement, the Board shall be responsible for any loss of principal or interest which may be incurred as a result of making the investments or redeeming said investment. The undersigned authorize and direct the Escrow Agent to disregard any and all notices, warnings or demands given or made by the undersigned not in accordance with the terms of this Escrow Agreement. The said undersigned also hereby authorize and direct the Escrow agent to accept, comply with and obey any and all writs, orders, judgments or decrees entered into by any federal court with proper jurisdiction. The Escrow Agreement is governed by federal law and regulations. The Escrow Agreement, amendments or supplements hereto, may be executed in counterparts, each of which shall be deemed an original and all such counterparts together shall constitute one and the same instrument.

UNITED STATES OF AMERICA

Acting by and through the  
Secretary of Education

GRANTOR:

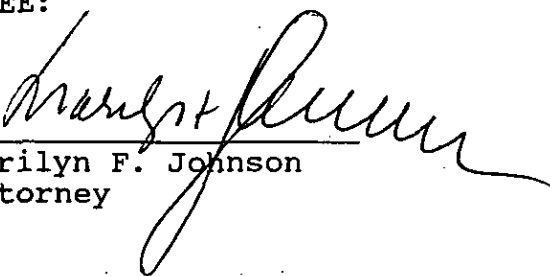
By:   
David B. Hakola, Director  
Real Property Group  
Office of Management

ACCEPTANCE

By the acceptance of this ESCROW AGREEMENT, the GRANTEE, for itself, its successors and assigns, and each of them, accepts and agrees to all the obligations, conditions, and covenants therein contained.

Board of Education of  
the City of Chicago

GRANTEE:

By:   
Marilyn F. Johnson  
Attorney

ESCROW AGENT: Chicago Title  
& Trust Co.

By: \_\_\_\_\_